



Roy Cooper North Carolina Attorney General

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NC wins \$3 million in Medicaid fraud case, announces AG Cooper

Drug manufacturer to repay the state for deceptive marketing and distribution

Raleigh: North Carolina has won more than \$3 million that will go to the state's Medicaid program and public schools thanks to a settlement reached with drug manufacturer Schering-Plough, Attorney General Roy Cooper announced today.

"Companies who cheat the Medicaid system hurt taxpayers and patients who need help," said Cooper. "My Medicaid investigators will continue to work to get money back for North Carolina."

North Carolina received nearly \$3.7 million in a settlement agreement with Pennsylvania-headquartered drug manufacturer Schering-Plough Corporation to settle numerous allegations involving the marketing and distribution of its products. In settlements nationwide, the company will pay the federal government and 49 states and the District of Columbia nearly \$255 million in damages and penalties for Medicaid and federal health care programs. Additionally, in connection with this settlement, a Schering division will plead guilty in federal court in Boston to criminal charges related to this conduct, agreeing to pay total criminal fines of \$180 million.

Cooper contends that Schering-Plough engaged in deceptive marketing practices by excluding certain price discounts from the formula used to calculate Medicaid Program rebates which resulted in underpayment of rebates for the allergy drug Claritin Reditabs and potassium supplement K-Dur. Cooper also alleges the company illegally compensated doctors to get them to prescribe hepatitis drugs PEG-Intron and Rebetrone, as well as bladder cancer medication Intron-A, and that the company engaged in improper off-label marketing of the brain cancer medication Temodar. These actions resulted in the loss of more than \$80 million to Medicaid programs nationwide. Under the terms of the national settlement, Schering will be required to repay the \$80 million along with penalties, resulting in a total Medicaid recovery of \$203 million.

Of North Carolina's settlement, \$1,569,483 will go to the state Medicaid program, and \$2.1 million in civil penalties will go to support North Carolina public schools.

The civil settlements with Schering also require the company to enter into an agreement with the U.S. Department of Health and Human Services' Inspector General, in order to monitor the company's operations and ensure compliance with the law in the future.

The North Carolina settlement agreement was reached by Cooper's Medicaid Investigations Unit and the National Association of Medicaid Fraud Control Units. North Carolina's Medicaid fraud unit recovered more money last federal fiscal year than in any previous year in the department's history. Investigations lead to 24 criminal convictions and 10 civil settlements. ###